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DEPARTMENT OF COMMERCE

International Trade Administration

A-583-854

Certain Steel Nails from Taiwan: Final Determination of Sales at Less Than Fair Value

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (the Department) determines that imports of certain steel nails from Taiwan are being sold in the United States at less than fair value (LTFV), as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The final weighted-average dumping margins of sales at LTFV are listed below in the section entitled “Final Determination Margins.”

DATES: Effective Date: (Insert date of publication in the *Federal Register*).

FOR FURTHER INFORMATION CONTACT: Victoria Cho or Scott Hoefke, AD/CVD

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SUPPLEMENTARY INFORMATION:

## Background

On December 29, 2014, the Department published in the *Federal Register* the preliminary determination in the LTFV investigation of Certain Steel Nails from Taiwan.<sup>1</sup> In the *Preliminary Determination*, we postponed the final determination until no later than 135 days after the publication of the *Preliminary Determination* in accordance with section 735(a)(2)(B) of the Act and 19 CFR 351.210(b)(2)(i) and invited parties to comment on our *Preliminary Determination*.

On the same day, we received timely-filed allegations from Respondents<sup>2</sup> that the Department made ministerial errors in calculating their dumping margins in this proceeding.<sup>3</sup> Also on December 29, 2014, we received allegations from Petitioner<sup>4</sup> that the Department made significant ministerial errors in calculating the dumping margins for the *Preliminary Determination*.<sup>5</sup> In addition, Petitioner requested a disclosure meeting.<sup>6</sup> Subsequently, Respondents also requested to attend the disclosure meeting.<sup>7</sup> On January 7, 2015, the Department held disclosure meetings with both parties.<sup>8</sup>

Between January 26, 2015, and February 6, 2015, the Department conducted verifications in Taiwan of the sales and cost information submitted by Quick Advance, Ko, PT and Proteam.

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<sup>1</sup> See *Certain Steel Nails From Taiwan: Negative Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 79 FR 78053, 78054 (December 29, 2014) (*Preliminary Determination*).

<sup>2</sup> The mandatory respondents are PT Enterprise, Inc. (PT) and its affiliated manufacturer, Pro-Team Coil Nail Enterprise, Inc. (Proteam); and Quick Advance, Inc. (Quick Advance) and its affiliated manufacturer, Ko's Nail, Inc. (Ko) (collectively, Respondents).

<sup>3</sup> See Letter from Respondents, regarding "PT Enterprise and Quick Advance, Request to Correct Clerical Errors in Preliminary Determination; Antidumping Duty Investigation of Certain Steel Nails from Taiwan," dated December 29, 2014 (Respondents Allegations Letter).

<sup>4</sup> The petitioner is Mid Continent Steel & Wire, Inc. (Petitioner).

<sup>5</sup> See Letter from Petitioner, regarding "Certain Steel Nails from Taiwan: Allegations of Significant Ministerial Error and Request for Disclosure Meeting," dated December 29, 2014 (Petitioner Allegations Letter).

<sup>6</sup> *Id.*

<sup>7</sup> See Letter from Respondents, regarding "PT Enterprise and Quick Advance, Request to Attend Disclosure Meeting; Antidumping Duty Investigation of Certain Steel Nails from Taiwan," dated January 6, 2014.

<sup>8</sup> See Memoranda to the file from Scott Hoefke, "Certain Steel Nails from Taiwan," regarding ex parte disclosure meetings with Petitioner and Respondents, dated January 8, 2014.

In accordance with 19 CFR 351.309(c)(1)(i), we invited parties to comment on our *Preliminary Determination*. On March 30, 2015, the Department released its Ministerial Error Allegation Memo.<sup>9</sup> On March 31, 2015, Petitioner and Respondents submitted case briefs. Each of these parties submitted rebuttal briefs on April 9, 2015.

### Period of Investigation

The period of investigation is April 1, 2013, through March 31, 2014.

### Scope of the Investigation

The product covered by this investigation is certain steel nails from Taiwan. For a full description of the scope of the investigation, *see* Appendix I to this notice.

Since *the Preliminary Determination*, several interested parties (*i.e.*, IKEA Supply AG, The Home Depot, Target Corporation, and Petitioner) commented on the scope of these investigations. The Department reviewed these comments and made certain changes. For further discussion, *see* the Issues and Decision Memorandum.<sup>10</sup> The scope in Appendix I reflects all modifications to the scope made by the Department for this final determination.

### Verification

As provided in section 782(i) of the Act, in January 2015 through February 2015, we conducted verification of the sales and cost information submitted by PT Enterprises, Inc. (PT) and its affiliated producer Pro-Team Coil Nail Enterprise, Inc. (Proteam), and Quick Advance, Inc. (Quick Advance) and its affiliated producer Ko's Nail, Inc. (Ko) for use in our final

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<sup>9</sup> *See* the Department's March 20, 2015, Memorandum to Christian Marsh entitled, "Ministerial Error Allegations in the Preliminary Determination of the Antidumping Duty Investigation of Certain Steel Nails from Taiwan," (Ministerial Error Allegation Memo).

<sup>10</sup> *See* Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, from Abdelali Elouaradia, Office Director, Office VI, Enforcement and Compliance Operations, "Issues and Decision Memorandum for the Affirmative Final Determination in the Less than Fair Value Investigation of Certain Nails from Taiwan," dated concurrently with this determination and hereby adopted by this notice.

determination. We used standard verification procedures including an examination of relevant accounting and production records, and original source documents provided by PT and its affiliate, Proteam, and Quick Advance and its affiliate, Ko.<sup>11</sup>

#### Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties in this investigation are addressed in the Issues and Decision Memorandum. A list of the issues raised is attached to this notice as Appendix II. The Issues and Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <http://access.trade.gov>; the memorandum is available to all parties in the Central Records Unit, room 7046 of the main Department of Commerce building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <http://enforcement.trade.gov>. The signed and electronic versions of the Issues and Decision Memorandum are identical in content.

#### Changes Since the Preliminary Determination

Based on our review and analysis of the comments received from parties, and minor corrections presented at verification, we made certain changes to Respondents' margin calculations since the *Preliminary Determination*. As a result of those changes, the Department

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<sup>11</sup> See Quick Advance's February 26, 2015, Memorandum to the File entitled, "Verification of the Sales Response of Quick Advance, Inc. and Ko's Nail, Inc. in the Investigation of Nails from Taiwan" (Quick Advance's sales verification memo); PT's February 26, 2015, Memorandum to the File entitled, "Verification of the Sales Response of PT Enterprises, Inc. and Proteam Coil Nail Enterprises, Inc. in the Investigation of Nails from Taiwan" (PT's sales verification memo); Memorandum from Gina K. Lee to Neal M. Halper entitled, "Verification of the Cost Response of Quick Advance Inc. and Ko Nail Inc. in the Antidumping Duty Investigation of Certain Steel Nails from Taiwan, dated March 18, 2015 (Ko's Cost Verification Report); and *also see* Memorandum from Laurens Van Houten to Neal M. Halper entitled, "Verification of the Cost Response of PT Enterprise Inc. in the Antidumping Duty Investigation of Certain Steel Nails from Taiwan," dated March 19, 2015 (PT's Cost Verification Report).

is no longer making a negative determination of sales at less than fair value. For a discussion of these changes, *see* the Issues and Decision Memorandum.

For Quick Advance:

- We used an updated sales and cost database submitted by Quick Advance which reflects minor corrections and findings from the sales and cost verifications.
- We revised the programing language to reflect the changes to constructed value (CV).
- We revised the calculation of CV.
- We added in lines of code to take into account quantity adjustments.
- We added credit expenses and inventory carrying cost incurred in Taiwan to account for expenses reported in Taiwanese dollars.
- We made changes to Quick Advance's reported cost data as set forth in the Quick Advance's Final Cost Memo.

For PT:

- We used updated sale database by PT which reflect minor corrections presented during the verification of these companies.
- We revised the programing language to reflect the changes to CV.
- We revised the calculation of CV.
- We added in lines of code to take into account quantity adjustments.
- We made changes to PT's reported cost data as set forth in the PT's Final Cost Memo.

#### Final Determination

The Department determines that the following weighted-average dumping margins exist for the period April 1, 2013, through March 31, 2014:

Exporter or Producer	Weighted-Average Dumping Margin
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Quick Advance Inc.	0.00%
PT Enterprises Inc.	2.24%
All Others	2.24%

#### All Others Rate

Section 735(c)(5)(A) of the Act provides that the estimated “all others” rate shall be an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding any zero or *de minimis* margins, and any margins determined entirely under section 776 of the Act. The weighted-average margin for exporters and producers individually investigated that meets these criteria is that of PT. Therefore, the All-Others rate is the rate calculated for PT, as indicated in the “Final Determination Margins” section above.

#### Disclosure

We will disclose to parties in this proceeding the calculations performed for this final determination within five days of the date of public announcement of our final determination, in accordance with 19 CFR 351.224(b).

#### Suspension of Liquidation

Pursuant to sections 735(c)(1)(B) and (C) of the Act, the Department will instruct U.S. Customs and Border Protection (CBP) to suspend liquidation of all entries of certain steel nails from Taiwan, except for those from Quick Advance, which are entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final determination., For Quick Advance and Ko, because their estimated weighted-average final dumping margins are zero, we are not directing CBP to suspend liquidation of entries of nails produced and exported by these companies. We will not instruct CBP to suspend liquidation of any entries of certain steel nails from as described in the “Scope of the Investigation” in Appendix I which are entered,

or withdrawn from warehouse, for consumption on or after the date of publication of this notice.

We will instruct CBP to require a cash deposit equal to the weighted-average amount by which normal value exceeds U.S. price, as follows: (1) the rate for PT will be the rate we determined in this final determination; (2) if the exporter is not a firm identified in this investigation but the producer is, the rate will be the rate established for the producer of the subject merchandise; (3) the rate for all other producers or exporters will be 2.24 percent. These suspension of liquidation instructions will remain in effect until further notice.

#### International Trade Commission Notification

In accordance with section 735(d) of the Act, we will notify the U.S. International Trade Commission (ITC) of our final determination. As our final determination is affirmative, in accordance with section 735(b)(3) of the Act, the ITC will determine within 75 days whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports or sales (or the likelihood of sales) for importation of the subject merchandise. If the ITC determines that such injury exists, the Department will issue an antidumping duty order directing CBP to assess, upon further instruction by the Department, antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

#### Return or Destruction of Proprietary Information

This notice will serve as a reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

## Notification to Interested Parties

We are issuing and publishing this determination and notice in accordance with sections 735(d) and 777(i) of the Act.

Dated: May 13, 2015.

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Christian Marsh  
Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations

## **Appendix I**

### **Scope of the Investigation**

The merchandise covered by this investigation is certain steel nails having a nominal shaft length not exceeding 12 inches.<sup>12</sup> Certain steel nails include, but are not limited to, nails made from round wire and nails that are cut from flat-rolled steel. Certain steel nails may be of one piece construction or constructed of two or more pieces. Certain steel nails may be produced from any type of steel, and may have any type of surface finish, head type, shank, point type and shaft diameter. Finishes include, but are not limited to, coating in vinyl, zinc (galvanized, including but not limited to electroplating or hot dipping one or more times), phosphate, cement, and paint. Certain steel nails may have one or more surface finishes. Head styles include, but are not limited to, flat, projection, cupped, oval, brad, headless, double, countersunk, and sinker. Shank styles include, but are not limited to, smooth, barbed, screw threaded, ring shank and fluted. Screw-threaded nails subject to this proceeding are driven using direct force and not by turning the nail using a tool that engages with the head. Point styles include, but are not limited to, diamond, needle, chisel and blunt or no point. Certain steel nails may be sold in bulk, or they may be collated in any manner using any material.

Excluded from the scope of this investigation are certain steel nails packaged in combination with one or more non-subject articles, if the total number of nails of all types, in aggregate regardless of size, is less than 25. If packaged in combination with one or more non-subject articles, certain steel nails remain subject merchandise if the total number of nails of all types, in aggregate regardless of size, is equal to or greater than 25, unless otherwise excluded based on the other exclusions below.

Also excluded from the scope are certain steel nails with a nominal shaft length of one inch or less that are (a) a component of an unassembled article, (b) the total number of nails is sixty (60) or less, and (c) the imported unassembled article falls into one of the following eight groupings:

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<sup>12</sup> The shaft length of certain steel nails with flat heads or parallel shoulders under the head shall be measured from under the head or shoulder to the tip of the point. The shaft length of all other certain steel nails shall be measured overall.



1) builders' joinery and carpentry of wood that are classifiable as windows, French-windows and their frames; 2) builders' joinery and carpentry of wood that are classifiable as doors and their frames and thresholds; 3) swivel seats with variable height adjustment; 4) seats that are convertible into beds (with the exception of those classifiable as garden seats or camping equipment); 5) seats of cane, osier, bamboo or similar materials; 6) other seats with wooden frames (with the exception of seats of a kind used for aircraft or motor vehicles); 7) furniture (other than seats) of wood (with the exception of i) medical, surgical, dental or veterinary furniture; and ii) barbers' chairs and similar chairs, having rotating as well as both reclining and elevating movements); or 8) furniture (other than seats) of materials other than wood, metal, or plastics (*e.g.*, furniture of cane, osier, bamboo or similar materials). The aforementioned imported unassembled articles are currently classified under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4418.10, 4418.20, 9401.30, 9401.40, 9401.51, 9401.59, 9401.61, 9401.69, 9403.30, 9403.40, 9403.50, 9403.60, 9403.81 or 9403.89.

Also excluded from the scope of this investigation are steel nails that meet the specifications of Type I, Style 20 nails as identified in Tables 29 through 33 of ASTM Standard F1667 (2013 revision).

Also excluded from the scope of this investigation are nails suitable for use in powder-actuated hand tools, whether or not threaded, which are currently classified under HTSUS subheadings 7317.00.20.00 and 7317.00.30.00.

Also excluded from the scope of this investigation are nails having a case hardness greater than or equal to 50 on the Rockwell Hardness C scale (HRC), a carbon content greater than or equal to 0.5 percent, a round head, a secondary reduced-diameter raised head section, a centered shank, and a smooth symmetrical point, suitable for use in gas-actuated hand tools.

Also excluded from the scope of this investigation are corrugated nails. A corrugated nail is made up of a small strip of corrugated steel with sharp points on one side.

Also excluded from the scope of this investigation are thumb tacks, which are currently classified under HTSUS subheading 7317.00.10.00.

Certain steel nails subject to this investigation are currently classified under HTSUS subheadings 7317.00.55.02, 7317.00.55.03, 7317.00.55.05, 7317.00.55.07, 7317.00.55.08, 7317.00.55.11, 7317.00.55.18, 7317.00.55.19, 7317.00.55.20, 7317.00.55.30, 7317.00.55.40, 7317.00.55.50, 7317.00.55.60, 7317.00.55.70, 7317.00.55.80, 7317.00.55.90, 7317.00.65.30, 7317.00.65.60 and 7317.00.75.00. Certain steel nails subject to this investigation also may be classified under HTSUS subheading 8206.00.00.00 or other HTSUS subheadings.

While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.

## **Appendix II**

### **List of Topics Discussed in the Issues and Decision Memorandum**

#### **Case Issues:**

- I. Summary
- II. General Issues
- III. Background
- IV. Scope of the Investigation
- V. Scope Comments
- VI. Discussion of the Issues
- VII. Conclusion

#### **General Issues**

- Comment 1: Taiwan Nails CV Profit and the Use of Financial Statements
- Comment 2: The Department Should Rely on the Average-to-Average Methodology without Zeroing in the Final Determination
- Comment 3: The Department Should Determine that Quick Advance and PT are Affiliated with Their Respective Largest U.S. Customers
- Comment 4: Whether a Middleman Dumping Investigation is Warranted
- Comment 5: The Department's Calculation of Constructed Value for PT and Quick Advance
- Comment 6: The Department's Calculation of Surrogate Credit Expense Ratio
- Comment 7: The Department's Calculation of Indirect and Direct Selling Expense Ratio to Categorize Chun Yu's Works & Co.'s Selling Expenses
- Comment 8: The Department's Calculation of Indirect and Direct Selling Expense Ratio to Properly Account for OFCO's Selling Expenses
- Comment 9: The Department's Treatment of PT's and Quick Advance's U.S. Prices for Commission/Compensation Paid to its Unaffiliated Taiwanese Selling Agent and Unaffiliated Taiwanese Trading Company

#### **Issues Pertaining to PT and Proteam**

- Comment 10: The Department Should Assign Partial AFA to PT's Unreported Sales of Subject Merchandise
- Comment 11: Transactions disregarded – Tolling Activities
- Comment 12: Threading Costs
- Comment 13: General and Administrative Expense

#### **Issues Pertaining to Quick Advance and Ko**

- Comment 14: The Department Should Rely on Quick Advance/Ko's Section C Database Submitted After Verification
- Comment 15: Ko's Raw Materials

Comment 16: Ko's Phosphate Coating Costs

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